

ANNUAL REPORT AND ACCOUNTS 2017/18

National Council for
Voluntary Organisations

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED **31 MARCH 2018**

Company number: 198344
Charity number: 225922

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS

Patron

Her Majesty the Queen

President

Baroness Jill Pitkeathley

Appointed 20 November 2017

Baroness Grey-Thompson DBE

Resigned 20 November 2017

NCVO TRUSTEE BOARD

HONORARY OFFICERS

Chair

Peter Kellner

Vice Chair

Sally Young

Appointed 20 November 2017

Matt Hyde

Resigned 20 November 2017

Honorary Treasurer

Bruce Gordon

Trustees

Julie Bentley

Appointed 20 November 2017

Andy Cook

Jenny Field

Chris Freed

Vanessa Griffiths

Appointed 20 November 2017

Fazilet Hadi

Anne Heal

Richard Leaman CB OBE

Natasha Mort

Resigned 20 November 2017

Chris Wade

Sally Young

AUDIT AND RISK COMMITTEE

Chair

Sarah Morrison (independent)

Trustees

Bruce Gordon

Anne Heal

Chris Wade

Resigned 16 March 2018

Sally Young

Appointed 16 March 2018

Independents

Anna Bennett

David Howley

NOMINATIONS COMMITTEE

Chair

Peter Kellner (trustee)

Trustees

Julie Bentley

Appointed 16 March 2018

Bruce Gordon

Matt Hyde

Resigned 20 November 2017

Sally Young

Independents

Jo Ash CBE

Dominic Fox

Lyne Regan

HR AND REMUNERATION COMMITTEE

Chair

Dame Julia Cleverdon DCVO,

CBE (independent)

Trustees

Peter Kellner

Bruce Gordon

Natasha Mort

Resigned 20 November 2017

Chris Wade

Appointed 16 March 2018

Independents

Wendy Blake Ranken

Resigned 19 February 2018

MEMBERS' ASSEMBLY

The purpose of the Assembly is to enable a wider member base to contribute to the development of public policy at NCVO. It allows members to contribute to the development of new and emerging thinking on public policy and meetings are open to all members.

CHIEF EXECUTIVE

Sir Stuart Etherington

SENIOR MANAGEMENT TEAM

Susan Cordingley

Karl Wilding

Richard Williams

COMPANY SECRETARY

Susan Cordingley

AUDITORS

BDO LLP

2nd Floor, 2 City Place, Beehive Ring
Road, Gatwick, West Sussex RH6 OPA

BANKERS

Barclays Bank PLC

INVESTMENT MANAGERS

UBS

REGISTERED OFFICE AND OPERATIONAL ADDRESS

Society Building, 8 All Saints Street,
London N1 9RL

Registered charity no. 225922

Company registration no. 198344

FROM THE CHAIR

Welcome to NCVO's annual report for 2017/18.

This year saw a period of change and uncertainty in the country, with the June general election taking many of us by surprise.

Here I would like to briefly highlight a few key themes for the year. You can read more about NCVO's achievements in the sections that follow.

The big picture

At NCVO, we think that charities and volunteering make Britain great. Ahead of the election, we set out what we thought was needed to enable civil society to flourish. This included ideas for how to make it easier to volunteer and proposals to support small and local

charities for a generation to come. Our manifesto was well received and I believe it neatly encapsulated everything that's important to NCVO: how we can help charities and volunteering to make an even bigger difference to people's lives.

While the election produced a somewhat different government, it provided no certainty on the questions of Brexit that continued to eclipse normal politics and policy making in this year. We dedicated resource to helping our members understand the implications of Brexit and ensuring that decision makers were conscious of their perspectives.

// AT NCVO, WE THINK THAT CHARITIES AND VOLUNTEERING MAKE BRITAIN GREAT. AHEAD OF THE ELECTION, WE SET OUT WHAT WE THOUGHT WAS NEEDED TO ENABLE CIVIL SOCIETY TO FLOURISH



High standards

Charities were again in the spotlight this year as their operations came under further scrutiny. We know that more and more organisations want to work to high standards, not least because they recognise that this is what supporters and beneficiaries expect of them. We see this reflected in how they are approaching us for advice, and we did a lot of work to meet these expectations, for example in launching our guidance on volunteering and the law.

Working together

I was particularly pleased to see a number of new major corporate employers join our Step on Board programme. Step on Board exemplifies the ways we are trying to support charities and volunteering. It provides a pathway for talented people to volunteer on charity boards, supported by training. This both strengthens those charities and creates quality volunteering opportunities. It gives employers a structured way to make a difference to the communities around them, and it rewards them with the benefits we know are reaped from supporting staff volunteering.

Governance matters

And, of course, we want to model best practice ourselves. That is why we committed to following the Charity Governance Code and why we are working hard to ensure that we are both financially sustainable and providing excellent service to our members well into the future.

It was again a great honour and inspiration to meet so many NCVO members throughout the year. It underlined to me how important it is that NCVO continues to do all it can to support members. I hope we can continue to serve you long into the future so that you can focus on what you do best.

Best wishes,

Peter Kellner
Chair, NCVO



Now you see me, now you don't
Photographer: Hannah Causer
Organisation: Pictus Trust
Member since: 1996

There are millions of volunteers.
Every day, people across the
country give their time, energy and
money



STRUCTURE, GOVERNANCE AND MANAGEMENT

The trustee board presents its annual report (incorporating the strategic report) and the audited financial statements for the year ended 31 March 2018.

The legal and administrative information set out on pages 5 to 6 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Charities' SORP (FRS 102).

NCVO is a charitable company limited by guarantee, founded in 1919 as the National Council of Social Services, incorporated on 30 May 1924 and registered as a charity on 1 January 1964. It was established under a memorandum of association, which defines its objects and powers, and is governed by its articles of association. In addition, there are detailed regulations made under the articles.

Full membership of NCVO is open to voluntary organisations that comply with the criteria for membership. In addition, there are affiliate categories of membership for public sector and corporate bodies. NCVO's trustee board is responsible for managing the business of NCVO as outlined in the articles of association.

NCVO is governed by a board of 12 trustees, including three honorary officers (chair, vice-chair and treasurer). The chair, treasurer and seven trustees are elected by the members. Additional trustees are co-opted by the board to ensure the right mix of skills and experience. One of the trustees is elected to fill the vice-chair honorary officer position by the board. Trustees serve for a term of three years, with a maximum of two terms.

The following committees report to the board:

- Nominations Committee, to facilitate diversity in the governance structure, ensure the right mix of skills and experience and supervise the democratic process
- HR and Remuneration Committee, to consider HR policy and related matters
- Audit and Risk Committee, to provide independent advice and assurance on risk, control and audit matters.

NCVO Members' Assembly is a forum to advise the board on issues relating to volunteering and the voluntary sector and to contribute to the development of NCVO's positions on matters of public policy. There are at least four meetings a year, including the AGM, to provide an opportunity for wider engagement with the sector. The meetings are open to all members and held at locations around the country.

On election, each new trustee receives an induction pack including The Good Trustee Guide and key organisational policies and documents. All trustees attend an induction meeting, which includes the opportunity to meet key staff. After their first year in office, each trustee meets with the chair and chief executive to review their first year.

All trustees also take part in an annual residential planning event. This provides an opportunity for trustees to spend time with other board members and members of NCVO's senior management team discussing the environment in which the organisation operates and the organisation's future plans.



NCVO IS A COMMITTED SUPPORTER OF THE CHARITY GOVERNANCE CODE AS A SET OF STANDARDS FOR HIGH PERFORMANCE IN GOVERNANCE, HAVING PLAYED A MAJOR ROLE IN ITS DEVELOPMENT.

The trustee board was supported during the year by a management team and staff of around 100 employees, organised into three departments, as follows.

- Public policy and volunteering – this comprises NCVO’s policy and research functions whose remit includes the voluntary sector, volunteering and public services and our external relations team.
- Enterprise and development – this includes membership, events, our portfolio of quality standards, enterprise development, fundraising and marketing, consultancy and training.
- Planning and resources – this comprises NCVO’s internal support services and our digital and communications team and is responsible for the organisational planning process, servicing of the governance structure and running the conference suite

President

Baroness Jill Pitkeathley was elected president of NCVO at the AGM in November 2017. The president acts as an ambassador for NCVO and is elected by the members for a non-renewable term of five years.

Charity Governance Code

NCVO is a committed supporter of the Charity Governance code (the code) as a set of standards for high performance in governance, having played a major role in its development. As such, the trustees have resolved to adopt the code as a tool to identify areas to focus on. In 2017 the trustees engaged an external consultant to undertake a board review, in line with code practice. It was felt that the 2018 exercise could be led by a governance sub-group of trustees, with the support of NCVO staff.

All trustees were asked to complete the NCVO’s Governance Wheel to assess board effectiveness against the code’s eight principles. Findings were considered by a governance sub-group, which developed detailed recommendations that were considered and endorsed by the board.

Overall the responses were positive, the mean scores relatively high and the range in responses low. This is reassuring, as it demonstrates there is no significant divergence in opinion between board members. The board agreed to focus on the following three areas for improvement.

Openness and accountability

As NCVO is a membership organisation, the board recognised the importance of considering the breadth of members’ views in its decision making and continually reviewing how members were able to scrutinise their work. To address this in the next year the board will focus on:

- identifying opportunities outside the formal governance structures where trustees can engage with members on policy issues
- continuing to use the NCVO Members’ Assemblies to explore policy issues which can inform board decisions
- increasing the use of insight and user testing panels to inform decision making.

Diversity

The board considered the diversity of trustees to be a priority but recognised the common limitations associated with diversity and elected governance processes. It welcomed recent work by the Nominations Committee to review the board’s skills and diversity, understand barriers to engagement and develop targeted recruitment for both elected and appointed vacancies. Trustees resolved to demonstrate leadership on this agenda with a view to encouraging candidates from different backgrounds to put themselves forward for trustee roles. To address this in the next year the board will focus on:

- endorsing the proactive approach and diversity objectives established by the Nominations Committee
- leading the agenda by publicly discussing the value of diversity at board level
- increasing openness and transparency of trustee backgrounds in the boardroom, where appropriate.

Organisational purpose and leadership

Deciding to take these two code principles together, trustees reflected on the amount of time spent on sector-wide issues versus focusing on matters of corporate governance. Trustees concluded that it took a delicate balance to ensure trustees fulfil both their corporate and strategic responsibilities. To address this in the next year, the board will continually review the balance of its time at the end of each meeting to ensure there is sufficient balance between corporate matters and sector-wide issues.

STRATEGIC REPORT

Objectives and Activities

NCVO champions and strengthens volunteering and civil society, with over 13,400 members ranging from the largest charities to the smallest community organisations. There are tens of thousands of voluntary-sector organisations in the UK. There are millions of volunteers. Every day, people across the country give their time, energy and money.

For almost 100 years, NCVO has brought the voluntary sector's people together to solve problems, address root causes and inspire each other. We know the power of the voluntary sector and volunteering. No one organisation can solve society's challenges alone, but collectively we're all vital for sustaining society in times of challenge and change. That's why – inspired and empowered by our members – we support and celebrate volunteering in all its diversity and champion and strengthen the voluntary sector by making sure that it can continue to do what it does best and that government knows its true value.

In March 2014 NCVO launched a five-year strategy, *Together We Make a Bigger Difference*, which sets our priorities for the next five years, under five strategic aims.

1. **We will champion volunteering and the voluntary sector.**
2. **We will strengthen voluntary organisations.**
3. **We will grow and enhance volunteering, wherever it takes place.**
4. **We will connect people and organisations.**
5. **We will be a sustainable and socially responsible organisation.**



Connected learning makes a difference
Photographer: Mike Weston
Organisation: Dingley's Promise
Member since: 2014

It describes the values that will govern our work. We will:

- **use evidence:** we base what we say and do on the best research and our members' experiences
- **be creative:** we explore new ideas and approaches, looking for what will add real value
- **be collaborative:** we work with our members and partners to achieve the best results
- **be inclusive:** we value diversity and work to make sure that opportunities are open to all
- **work with integrity:** we are open and honest and do what we believe is best for our members, volunteers and the voluntary sector.

Further information on the activities underpinning each of the five aims is given in the 'Achievements and performance' section of this report. NCVO will publish a new strategy in 2020, following our centenary year.

Public benefit statement

The trustees have paid due regard to the Charity Commission guidance on public benefit. The trustees are confident that NCVO's aims and activities – educating about, campaigning for and promoting the interests of civil society organisations – are in accordance with the regulations on public benefit.

ACHIEVEMENTS AND PERFORMANCE

This was the fourth year of our five-year strategic plan.

The following sections summarise some of our key achievements during 2017/18 against each of NCVO's five strategic aims.



Pushing young people outside their comfort zones at Hindleap
Photographer: Francis Augusto
Organisation: London Youth
Member since: 2006

Aim 1

We will champion volunteering and the voluntary sector

Following the surprise announcement of a general election, we worked quickly to set out proposals on charities and volunteering to the incoming government. We argued that civil society makes Britain great – and that collectively we can make a bigger difference. Our manifesto contained proposals on how to make it easier to volunteer; how to support communities for a generation to come using unclaimed assets; how to make it easier for charities and volunteers to support our public services; how to make it easier for people to build their skills and get a good job; and how to give everybody a stake in post-Brexit Britain.

Our advocacy work is underpinned by constant dialogue with members and supported by their on-the-ground experience and expertise. We seek to build a positive external environment for charities and volunteering. We worked with our members to help to improve guidance from the Charity Commission on automatic disqualification and shape the content of the new annual return. We also worked with the Information Commissioner's Office on General Data Protection Regulations (GDPR) guidance and with HMRC on making improvements to the Gift Aid small donations scheme.

We worked with ACEVO to establish working groups to take forward the recommendations of the House of Lords select committee on charities report, Stronger Charities for a Stronger Society. We think that the conclusions of the report, many of which reflect recommendations we made to the

committee, could make a significant difference to the sector if followed through. We wanted to ensure that the sector itself takes action on all those that it can, so we convened targeted groups with representatives from across the sector to ensure progress is made.

It is now normal for charities to be the subject of regular, sustained scrutiny from stakeholders including the media. We responded quickly and decisively to high-profile coverage of our sector, including stories covering The Presidents Club and safeguarding. We think that the best way to build trust in charities is to address the issues that raise concern amongst the public, so we increased our advice and support for organisations and volunteer managers on governance, safeguarding and volunteering safely.

We think that setting the agenda is preferable to responding to it, and with that in mind we established a new, independent Charity Tax Commission to undertake a review of the tax environment for charities. There has been no such systematic review for 20 years, over which time the sector has changed substantially. We want to ensure the tax system continues to be as effective as possible in maximising public benefit in the future. The Commission will report in 2019.

Aim 2

We will strengthen voluntary organisations

Improving governance standards continues to be the central challenge for the sector. This year, in partnership with other organisations, we published a fully updated and revised Charity Governance Code. The Code is intended to push organisations to higher standards. It has been well received – indeed the Charity Commission withdrew its own guidance, The Hallmarks of an Effective Charity, in favour of the Code. It is increasingly seen as the benchmark for all organisations.

With enhanced expectations from the media and public on our minds, we published Telling a Better Story About Charities, a guide to how to communicate on contentious issues such as fundraising and executive pay.

Our Step on Board programme continued to grow, placing new, highly skilled people into trustee roles and delivering real impacts for their corporate employers.

Helping organisations find funding is an important part of strengthening them. Our grant-finding website, Funding Central, has been successful following its move to a subscription-based model, with nearly two-thirds of users saying it has made their organisation more sustainable.

We had great feedback after we overhauled the online experience for our quality standard PQASSO, creating a new app that allows organisations to track their progress online. PQASSO helps organisations make a bigger difference by ensuring they are working to high standards across their operations and governance. We're continuing to invest in PQASSO and our other quality standards, including Investing in Volunteers, to help strengthen organisations and improve volunteers' experiences.

Our Knowhow Nonprofit website is an increasingly important advice and support resource for the voluntary sector, particularly small- and medium-size organisations. Usage continues to increase as more organisations access advice and support (training videos, template board papers, bite-size advice) using digital channels. We have continued to invest in high-quality content whilst making improvements in organisation so that information is easier to find. We have also refined our advice and support, based on user data and feedback, to ensure that we are focused on the issues that organisations tell us are the most important.

Aim 3

We will grow and enhance volunteering, wherever it takes place

We sought to help volunteering professionals and leaders more generally understand the environment that they are operating in, through a programme of research, publications and events, including the National Volunteering Forum. For example, our event on flexible volunteering showcased new research by the Office for National Statistics on how people use their time. We accompanied this with a popular podcast highlighting how some of our members are changing their volunteering opportunities to make them more accessible to those with limited time.

In November we published Getting Involved, an overview of how volunteering and social action have changed over time. We then started work on a major public survey to understand more about the impact and experiences of those who volunteer, including those who have stopped volunteering. We hope that the results will be an important resource for volunteer-involving organisations in all sectors.

We published a major new resource on volunteering and the law, creating an accessible online guide which helps organisations address many of the common questions they have on a range of legal questions.

We worked with NHS England to create a new practical guide for NHS providers on how they can support and develop volunteering across the health and social care system. It will help ensure quality, accessible volunteering opportunities in the NHS, fuelled by our belief that public services are better when volunteers are involved. As a partner in the Health and Wellbeing Alliance, we shaped the Department of Health's thinking on the role of volunteering and social action in health and social care.

We were pleased that the government-commissioned full-time social action review reflected our recommendations. We felt a proposed new legal status for full-time volunteers risked undermining the integrity of volunteering, and the review declined to endorse this proposal. The review made various positive recommendations to enhance young people's volunteering and we're looking forward to playing our part in helping make them happen.

Aim 4

We will connect people and organisations

NCVO membership continued to grow during the year. We ended the year with 13,479 members, an increase of 729, or nearly 6%, on the previous year. 94% of members renewed their membership with us. Feedback from our regular members' survey indicates that members especially value our advice and support.

We would like to thank the large charities that participated in our Membership Extra scheme. This enabled us to provide more support to the smallest charities and community groups that benefit from our community membership package. More than 9 in 10 of our members have an annual income of under £1m, and the geographic profile of our membership closely reflects the geographic profile of charities across England.

NCVO is increasingly a digitally mature organisation. We continued to invest significantly in our operational systems, the behind-the-scenes technology that means we can serve our members more quickly and efficiently and ensure we are understanding their needs. We are now increasingly using webinars, podcasts and social media to engage with members and stakeholders more broadly and working with a much greater number of organisations as a result.

We recognise that face-to-face interaction remains central to connecting people and organisations. This year we ran events across the country, including five NCVO Members' Assemblies, three National Volunteering Forums and our most popular ever annual conference. We frequently spoke at our members' events on a range of policy and practice issues.

Aim 5

We will be a sustainable and socially responsible organisation

Careful budget management ensured we ended the year with an operational surplus. Our financial position remains stable and robust, and therefore we were able to make further investments, particularly in our transition to a digitally mature organisation. This included investment to ensure that our systems were compliant with the provisions of the GDPR.

Our ongoing investment from reserves in our business systems will ensure that we continue to be sustainable by providing a better service to our members. With our members being central to everything we do, we consider their views on our services a very important indicator of our sustainability. Customer satisfaction and engagement remained high, with quality standards, training, events and conference facilities continuing to receive excellent feedback.

We pledged to follow the Charity Governance Code and a small working group of trustees led an assessment of our governance practises to see how we measured up against the Code. This work, together with our annual board skills and diversity audit, identified the need to improve the diversity of NCVO trustees. This is being actioned through the replacement of appointed trustees when existing terms of office come to an end, as well as communicating to members the skills and diversity

gaps the board would like to address in the annual election process.

Being a good employer is an important part of ensuring we are sustainable and providing a good service to members. We followed up actions from the 2016 staff engagement survey during this year, including running focus groups with staff to identify how we can better improve leadership, management and career-development opportunities. We also arranged for all NCVO staff to attend unconscious bias training. All staff also received training on data protection as we implemented our GDPR readiness plan.

As part of our commitment to lessening our environmental impact, we cut our electricity consumption and enhanced our Carbon Smart certification from silver to gold.

The structure and ongoing budget management of the accounting records mean it is not practicable to report expenditure on our charitable activities directly in alignment with the five strategic aims, however the trustees do regularly review in broad terms the relative resources spent on each aim.



Julia says "See the difference our filters make!"
Photographer: David Moulfarrige
Organisation: Maji Salama
Member since: 2011

As part of our commitment to lessening our environmental impact, we cut our electricity consumption and enhanced our Carbon Smart certification from silver to gold.

FINANCIAL REVIEW



WE CONTINUE TO MONITOR ALL SOURCES OF INCOME, INVEST IN IDENTIFYING AND DEVELOPING NEW SOURCES OF EARNED INCOME AND DIVERSIFYING OUR INCOME BASE

Income

Total income of £8.4m was a slight increase on the preceding year (£8.2m) and continued to reflect income from a diverse range of sources. Income from donations and legacies of £1.8m was similar to the previous year and is largely money received from the Charities Aid Foundation (CAF). We received £3.5m income from charitable activities (£3.4m 2017), with increased income from membership, training and events. Income from trading activities at £3m was the same as the preceding year.

Expenditure

Total expenditure decreased slightly to £8.3m (£8.4m 2017). Staff costs at £5m were the same as the preceding year. We increased our campaign and communication resources in the year to help our members understand the implications of Brexit and ensuring that decision makers were conscious of the implications for the sector. Spend on research reduced, reflecting the end of a number of funded projects. We continued the planned investment from reserves during the year, which included continued investment in our digital products and services and work on our data protection policies and procedures to ensure we are GDPR compliant.

Funds

Net income of £0.2m for the year included a gain on investments of £0.05m. The actuarial gain on the defined pension scheme of £0.8m (actuarial loss of £0.6m 2017) resulted in a net increase in funds of £1.1m and total funds at the end of the year of £3.2m (£2.1m 2017).



Young NCB members at a residential weekend
Photographer: Sophie Adam
Organisation: National Children's Bureau
Member since 1996

Balance sheet

Fixed assets include the value of Society Buildings at £3.1m under the historical cost convention, being the original cost plus the cost of subsequent building works less depreciation. In June 2013 the building was valued at £14.25m on a 15-year sale-and-leaseback basis. Anecdotal evidence suggests that this value has increased since then. At the end of the year there was an outstanding loan of £1.9m secured on the building. The loan taken out in 2011 has a 20-year maturity with a five-year break in July 2016 and was renegotiated for a further renewable term of five years.

NCVO's defined benefit pension scheme was closed to future accrual on 31 March 2011. Following the September 2016 tri-annual valuation, it was agreed with Pensions Trust that the existing deficit recovery plan would be extended by 14 months to 31 March 2029 to cover the increased liability. This means we will continue to contribute £0.5m per annum, increasing by 3% a year. The liability in respect of the defined pension scheme is recognised on the balance

sheet at the present value of the defined obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with Financial Reporting Standard 102 (FRS 102). This valuation at 31 March 2018 resulted in a liability of £3.4m (£4.5m 2017) being recognised on the balance sheet. The current market value of the building more than covers the current pension deficit.

Future financial planning

We continue to monitor all sources of income, invest in identifying and developing new sources of earned income and diversifying our income base, as well as monitoring costs, to ensure we continue to be financially sustainable for the foreseeable future.

Investments

During the year to 31 March 2018 NCVO’s investment portfolio was managed by UBS. Our investment policy aligns with our fifth strategic aim to ‘be a sustainable and socially responsible organisation’ and our investment objective is to provide long-term capital and income growth.

The UBS approach starts with a negative screen then applies a positive screen that actively selects companies adopting best practice in areas such as supply chain management, waste and carbon management, employee welfare and corporate governance. The aim of this approach is to create a portfolio of companies actively focused on managing their businesses sustainably.

UBS provides real-time, online information on performance of the portfolio and quarterly reports. In addition, UBS attends an Audit and Risk Committee meeting at least annually to discuss the performance of the portfolio, economic conditions and future requirements.

NCVO Trading Limited, a wholly owned subsidiary of NCVO, holds a 40% share in Charity and Social Enterprise Insurance Management LLP (CaSE LLP). CaSE LLP is a joint venture with BWB CaSE. It licenses its brand to CaSE Insurance Services Ltd in return for commission income on tailor-made insurance packages for the voluntary and community sector. During the year CaSE LLP sold its investment in CaSE Insurances Ltd. NCVO holds an investment of 33% in Trustees Unlimited LLP, a joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, which each hold a third of the shares.

Trustees Unlimited LLP has been accounted for as an associate and included in the consolidated SOFA and balance sheet using the equity method.

Reserves

The trustees have set a reserves policy that requires reserves to be maintained at a level which ensures that NCVO’s core activity could continue during a period of unforeseen difficulty and that a proportion of reserves be maintained in a readily realisable form. The trustees assess the required level of reserves on an annual basis, alongside the operating budget. The assessment takes account of the market valuation of investments, income and expenditure risk within the budget, commitments to repay the loan secured on the building and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments.

In March 2018, the reserves policy was reviewed, and, based on the risk analysis, a readily realisable reserves figure (ie the amount of unrestricted reserves after making allowance for restricted and designated funds as set out in note 16) of £2.3m was agreed to be necessary. The current level of free reserves is comfortably above this level and the trustees have approved a planned programme of investments from reserves over the next two years which will close this gap.

At 31 March 2018, NCVO’s free reserves were as follows:

	31 March 2018 £'000	31 March 2017 £'000
Total funds	3,260	2,118
Restricted funds	(147)	(142)
Designated funds	(2,808)	(3,020)
Pension funds	3,385	4,493
Free reserves	3,690	3,449

Designated funds (note 17) include a fixed asset fund, which represents funds that can only be realised on disposal of the fixed assets, and a centenary fund, which will be spent over the next year on a programme celebrating NCVO’s centenary in 2019.

Fundraising policy

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as ‘soliciting or otherwise procuring money or other property for charitable purposes’. Such amounts receivable are presented in our accounts as ‘donations and voluntary income’.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers or third parties. The day-to-day management of all income generation is delegated to the executive team, which is accountable to the trustees. The charity is not required by any undertaking to be bound by any regulatory scheme and the charity does not consider it necessary to comply with any voluntary code of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds, we do not have particular policies in relation to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.



THE DAY-TO-DAY MANAGEMENT OF ALL INCOME GENERATION IS DELEGATED TO THE EXECUTIVE TEAM, WHICH IS ACCOUNTABLE TO THE TRUSTEES

POLICIES

REMUNERATION STATEMENT

NCVO's inquiry into charity senior executive pay provided guidance for trustees on setting remuneration for senior executives. It also recommended that all charities with independently audited accounts should:

- adopt a remuneration policy
- publish an annual statement explaining their charity's ethos and policy on remuneration
- explain how this impacts on the delivery of their charitable purposes
- report the actual remuneration, roles and names of individual highest-paid staff, as defined by the charity.

The inquiry recommended that the charity's remuneration statement should be included within its trustee annual report, in addition to the remuneration disclosures that charities are required to include as a note to their accounts.

Our approach to pay

NCVO has around 100 staff. Salaries for the senior management team – the chief executive and directors – are set and reviewed annually by NCVO's HR and Remuneration Committee, a sub-committee of our board of trustees. The HR and Remuneration Committee includes specialists with significant pay expertise and knowledge, especially of the charity sector.

All other staff salaries are set by the senior management team. Salaries are arranged in organisation-wide pay bands, using comparisons with charities of our size in London and taking into account inflation, sector pay settlements and NCVO's financial position. Salaries are openly stated in job adverts.

NCVO is ambitious for the voluntary sector and we believe in recruiting high-calibre people to represent its interests. We also believe in rewarding staff fairly for the jobs that they do and fostering a positive working environment, and we believe our salaries and our terms and conditions reflect this.

NCVO is a London living-wage-accredited employer, meaning all our staff and contractors are paid at least the London living wage. Additionally, we believe in creating routes into charities for people who cannot afford to undertake unpaid 'internships', so we have established paid traineeships that provide people with the training and skills they need to establish successful careers, while rewarding them fairly for their work.

People are employed at NCVO on the basis of the specific skills that they bring to their particular role. For NCVO to run successfully, a large range of skills and disciplines are required, and we need to pay appropriately to ensure that we can recruit people with the right skills. We also need to retain them in a competitive market where, not least as a result of NCVO's cross-cutting role, their skills are readily

transferable to other organisations, both in the voluntary sector and in other sectors. Our staff pay scales are set with these factors in mind.

(i) Senior management pay

NCVO's unique position in representing the whole of the voluntary sector means that the chief executive and other members of the senior management team require a breadth and depth of expertise that requires drawing from the best senior-level talent in a competitive market. They need to be able to command the respect of their peers among our members, from the smallest to the very largest charities, through their experience and their credibility. At the same time, we seek to keep salary costs under control.

(ii) Benchmarking

Both senior management team and staff pay levels are reviewed annually.

Senior management team pay is determined by the HR and Remuneration Committee. Its aim is to benchmark our senior management team salaries around the 25th centile, ie the lower end of larger national charities' pay levels, with a 7.5% tolerance. We believe this comparison with national charities reflects the nature of the skills that we need to recruit and retain.

Staff pay is reviewed by the senior management team and negotiated on behalf of staff by NCVO's recognised union, Unite. Our aim is to pay at the

75th centile, ie the higher end compared with organisations of our size in terms of income and number of employees in the voluntary sector in London.

The same benefits, including pensions and terms and conditions, apply to the chief executive and directors as all other staff. We do not apply any form of performance-related pay, nor do we have a bonus scheme. We don't apply increments to staff salaries beyond one automatic increment after the first 12 months of service.

Each year the chief executive and directors participate in performance appraisal as part of the same feedback and appraisal scheme operated for all NCVO staff. In the case of the chief executive, this includes seeking detailed feedback from board members, colleagues and external contacts.



NCVO is a London living-wage-accredited employer, meaning all our staff and contractors are paid at least the London living wage.

(iii) 2017/18 senior pay levels

Name	Title	Annual salary 2017/18	Pension contributions 2017/18	Total remuneration 2017/18 (1.)	Annual salary 2018/19
Sir Stuart Etherington	Chief Executive	138,627	-	138,627	141,400
Susan Cordingley	Director of Planning and Resources	88,117	7,489	95,606	89,879
Dr Karl Wilding	Director of Public Policy	88,117	7,489	95,606	89,879
Richard Williams	Director of Enterprise	88,117	7,489	95,606	89,879

1. Total remuneration figures are salary plus pension contributions. The information above excludes employer's national insurance contributions (NIC) which are included in the information in note 7. Senior management team members, like all NCVO staff, are also entitled to miscellaneous benefits, such as childcare vouchers, which have not been included here.

Details of expenses for the senior management team are given in note 8.

(iv) Pay ratio

The ratio of our highest salary (£141,400) to our median salary (£37,142) is 3.8:1.

(v) Pay awards

While they are separately determined, annual pay awards for the chief executive, directors and staff have always been at the same percentage level.

Since 2011, both the senior management team and staff have received an annual 2% pay award.

THE RATIO OF OUR HIGHEST SALARY (£141,400)
TO OUR MEDIAN SALARY (£37,142) IS 3.8:1.

GENDER PAY GAP REPORT



NCVO believes in equality of opportunity for all. Although NCVO employs fewer than 250 staff and is therefore not required to publish gender pay gap information, we have chosen to and encourage other organisations in the sector to do so.

Median and mean hourly earnings

At 5 April 2018 the median and mean male and female hourly earnings were:

	Male hourly earnings £ 2018	Female hourly earnings £ 2018	Difference £ 2018	Pay gap % 2018	Difference £ 2017	Pay gap % 2017
Median	23.30	20.40	2.90	12	2.84	12
Mean	24.40	21.60	2.80	11	3.40	14

At 5 April 2018 the mean male and female hourly earnings by quartile were:

	Male hourly earnings £ 2018	Female hourly earnings £ 2018	Difference £ 2018	Pay gap % 2018	Difference £ 2017	Pay gap % 2017
Quartile 1	16.50	17.00	-0.5	-3	0.15	1
Quartile 2	19.30	19.30	-	-	-	-
Quartile 3	22.80	22.10	0.7	3	0.12	0.5
Quartile 4	35.00	30.40	4.60	13	3.75	11

The information shows that in quartiles 1 to 3 there is little or no pay gap. In the upper quartile, a gender pay gap of 13% exists (2017 11%), reflecting the fact that three of the four members of the senior management team are men. This also means that a gender pay gap exists when median and mean average earnings are compared.

Mean hourly earnings by grade

Gender pay gap data by grade shows that NCVO pays men and women on the same grades the same salary for the work they do. Where there is a slight difference, this is largely because staff start at an entry point on recruitment and move to the grade point only after their first year of employment.

	Male hourly f/t earnings £ 2018	Female hourly f/t earnings £ 2018	Difference £ 2018	Pay gap % 2018	Difference £ 2017	Pay gap % 2017
Directors	49.38	49.38	-	-	-	-
Grade A	32.19	32.19	-	-	-	-
Grade B	27.48	26.28	1.20	4	0.81	3
Grade C	23.16	22.89	0.21	1	0.04	0.1
Grade D	20.20	19.90	0.30	1	0.33	2
Grade E	17.06	17.32	-0.26	-1	-0.05	-0.3
Grade F*	-	16.00	-	-	-	-
Trainee#	12.88	-	-	-	-0.42	-4

* No male staff at this grade at 5 April 2018; # no female staff at this grade at 5 April 2018

Like many employers in the voluntary sector, NCVO employs more women than men but there are proportionately more women than men in lower grades and in part-time roles. We have a range of family-friendly and flexible working policies to support parents and carers. This includes supporting women who take time off to have children and assisting with their return to work. We offer enhanced maternity pay, paternity pay and shared parental pay, and flexible working hours and encourage and support remote working. NCVO is proud of its flexible, family-friendly employment policies and practices, and in a recent staff survey these were identified by staff as one of the reasons they liked working at NCVO.

FUTURE PLANS

NCVO WILL CELEBRATE ITS CENTENARY IN 2019. WE WILL CONTINUE PLANNING FOR THIS YEAR BY LOOKING AT THE PAST, PRESENT AND FUTURE OF CIVIL SOCIETY. WE WILL BEGIN DEVELOPING OUR NEXT STRATEGIC PLAN AS PART OF THIS PROCESS.

The public are rightly concerned about reports of abuse in charities, whether they involve staff, volunteers or beneficiaries. NCVO will work with our members and sector stakeholders to support and strengthen safeguarding culture in organisations and widen appropriate safeguarding policies and procedures.

We will prioritise and refocus our work on quality standards for volunteering and voluntary organisations. We will seek to broaden their uptake as a primary mechanism for building trust in our sector.

We will respond to government's consultations and proposals, including any proposals for charging by the Charity Commission. We will also seek to influence the development of government's civil society strategy, particularly as government prepares for its next comprehensive spending review.

We will undertake further work to illustrate the impact of volunteering and the voluntary sector, including the publication of new research on volunteering. We will strengthen NCVO's Almanac programme to include more insights on outcomes and impact of the voluntary sector.

We will strengthen our digital products and services, making them easier to use and more efficient. These include new websites for Volunteers' Week and the Civil Society Almanac, and improvements to our workflows including processing member applications.

We will champion and celebrate diversity within NCVO and work with members to explore how we can better reflect the diverse, vibrant communities we work with.

NCVO will celebrate its centenary in 2019. We will continue planning for this year by looking at the past, present and future of civil society. We will begin developing our next strategic plan as part of this process.



Gaining independence through new connections
Photographer: Miranda Creed-Miles
Organisation: VICA
Member since: 2004

The risk register is a standing item on the agenda at each trustee board meeting. It is reviewed quarterly by the senior management team and twice a year by the Audit and Risk Committee.

Risks are considered in five key areas: strategy, governance and management; operational; financial; environmental and external; legal and statutory. All identified risks are assessed for both likelihood of occurrence and potential financial and reputational impact, to give a gross risk. Mitigating controls are then considered, giving a net remaining risk.

External and strategic risks include adverse publicity in the media, including blogs and social media, the risk of being perceived to have political bias and a risk of relationships with politicians and officials breaking down. Such eventualities would jeopardise our crucial role in promoting the interests of the voluntary sector. The main financial risks relate to earned income and the affordability of pension contributions. Key operational risks include ensuring we have robust policies and procedures to secure our systems against data breaches.

The trustees are satisfied that these and all other risks in the register have been adequately assessed and that appropriate steps are taken to mitigate risk.

In respect of financial risk, the trustees assess income risk and reserves levels in the context of the annual budget and three-year financial forecast. They believe that maintaining NCVO's readily realisable reserves at the levels stated will provide sufficient resources in the event of unplanned events or adverse conditions.

Trustee board members

The members of the trustee board, who are also directors under the terms of the Companies Act 2006, are set out on page 5. The members of the trustee board have no beneficial interest in the group or charity.

The board of trustees would like to place on record its thanks to, and appreciation of, the chief executive, his senior management team and the whole of NCVO's staff for the skill and energy with which they have managed and contributed to the organisation throughout the year.

Liability of members

NCVO the charitable company is limited by guarantee and has no share capital. Clause 7 of the memorandum of association provides that every member, as defined by Clause 2 of the articles of association, is liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are a member or within one year of ceasing to be a member. At year end there were 13,479 members.

Statement of trustee board's responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements, in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the group and the parent charity and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

BDO LLP was reappointed as auditor to NCVO at the AGM on 20 November 2017.

BDO has expressed its willingness to continue as auditor of the group and company.

Approved by the trustee board and signed on their behalf

Peter Kellner

Chair
14 September 2018

PRINCIPAL RISKS AND UNCERTAINTIES

THE TRUSTEES ARE SATISFIED THAT THESE AND ALL OTHER RISKS IN THE REGISTER HAVE BEEN ADEQUATELY ASSESSED AND THAT APPROPRIATE STEPS ARE TAKEN TO MITIGATE RISK.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE NCVO

Opinion

We have audited the financial statements of The National Council for Voluntary Organisations (“the Parent Charitable Company”) and its subsidiaries (“the Group”) for the year ended 31 March 2018 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and of the Parent Charitable Company’s affairs as at 31 March 2018 and of the Group’s incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees’ Report, other than the financial statements and our auditor’s report thereon. The other information comprises: Chairman’s Statement, strategic report and the Trustees’ Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees’ Report, which includes the Directors’ Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors’ Report, which are included in the Trustees’ report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee’s report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustee board’s responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group’s and the Parent Charitable Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council’s (FRC’s) website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the Charitable Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Donald Bawtree, Senior Statutory Auditor

For and on behalf of BDO LLP, statutory auditor
Gatwick

14 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of financial activities for the group and charity (including Income & Expenditure Account)

For the year ended 31 March 2018

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income from:					
Donations and legacies	2	1,770	19	1,789	1,760
Charitable activities:	3				
Membership subscriptions		1,078	-	1,078	1,000
Advisory services and information		1,005	268	1,273	1,174
Campaigns and communications		17	26	43	66
Education and training		936	-	936	837
Policy		6	-	6	2
Research		148	87	235	335
Other trading activities	4	2,982	-	2,982	2,958
Investments	5	66	-	66	78
Total		8,008	400	8,408	8,210
Expenditure on:					
Raising funds	6	1,311	-	1,311	1,309
Charitable expenditure					
Advisory services and information		3,078	315	3,393	3,434
Campaigns and communications		1,502	3	1,505	1,283
Education and training		932	19	951	1,046
Policy		331	-	331	331
Research		568	73	641	827
Other		144	-	144	158
Total		7,866	410	8,276	8,388

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Net income/(expenditure) before investment gains		142	(10)	132	(178)
Net gain on investment		55	-	55	255
Net income/(expenditure)		197	(10)	187	77
Transfers between funds	17	(15)	15	-	-
		182	5	187	77
Other recognised gains/(losses)					
Share of operating profit of joint ventures		169	-	169	45
Actuarial gain/(loss) on defined benefit scheme	19	786	-	786	(612)
Net movement in funds		1,137	5	1,142	(490)
Total funds at 1 April 2017		1,976	142	2,118	2,608
Total funds at 31 March 2018	17	3,113	147	3,260	2,118

The statement of financial activities (SOFA) includes all gains and losses recognised in the year. Disclosure of the split of 2017 comparatives is shown in the notes to the accounts. Total unrestricted income was £8.0m (£7.6m 2017) and total unrestricted expenditure was £7.9m (£7.6m 2017). Movements in funds are disclosed in note 17 to the financial statements. The net movement in funds includes £23k of unrealised investment losses. Net realised income for the year was £132k (net realised expenditure £178k 2017).

Group and charity balance sheet

As at 31 March 2018

	Notes	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Fixed assets					
Tangible fixed assets	9	4,391	4,640	4,391	4,640
Investments	10	2,331	2,297	2,331	2,297
Invesments in JV – Share of gross assets		199	85	-	-
Investments in JV – Share of gross liabilities		(19)	(30)	-	-
Net investments in JV		180	55	-	-
		6,902	6,992	6,722	6,937
Current assets:					
Stocks	11	17	14	17	14
Debtors	12	1,496	1,413	2,538	2,094
Cash at bank and in hand		2,520	2,531	1,437	1,793
		4,033	3,958	3,992	3,901
Creditors: amounts falling due within one year	13	(2,449)	(2,426)	(2,263)	(2,223)
Net current assets		1,584	1,532	1,729	1,678
Total assets less current liabilities		8,486	8,524	8,451	8,615
Creditors: amounts falling due after one year	14	(1,841)	(1,913)	(1,841)	(1,913)
Net assets excluding pension liability		6,645	6,611	6,610	6,702
Defined benefit pension scheme liability	19	(3,385)	(4,493)	(3,385)	(4,493)
Net assets		3,260	2,118	3,225	2,209

	Notes	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Funds					
Restricted funds		147	142	147	142
Unrestricted funds:					
Pension reserve		(3,385)	(4,493)	(3,385)	(4,493)
Designated funds		2,808	3,020	2,808	3,020
General funds		3,690	3,449	3,655	3,540
Total funds	16	3,260	2,118	3,225	2,209
NCVO net income/(expenditure) income for the year				1,016	(522)

Approved and authorised for issue by the trustee board and signed on their behalf

Peter Kellner
Chair
14 September 2018

Bruce Gordon
Treasurer
14 September 2018

Group cash flow statement

For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	18	77	798
Cash flows from investing activities:			
Dividends and interest		66	78
Cash received from joint ventures		43	12
Purchase of fixed assets		(85)	(13)
Proceeds from sale of investments		496	2,887
Purchase of investments		(489)	(2,807)
Net cash provided by investing activities		31	157
Cash flows from financing activities:			
Repayment of loan (capital and interest)		(135)	(146)
Net cash (used by) financing activities		(135)	(146)
Change in cash and cash equivalents in the year		(27)	809
Cash and cash equivalents at the beginning of the year		2,622	1,813
Cash and cash equivalents at the end of the year		2,595	2,622
Analysis of cash and cash equivalents			
		£'000	£'000
Cash at bank and in hand		2,520	2,531
Cash held in investment portfolio	10	75	91
Total cash and cash equivalents		2,595	2,622



Lucy in the sky with diamonds
Photographer: Laura Hughes
Organisation: Moonrison
Member since: 2016

Notes to the financial statements

For the year ended 31 March 2018

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments and in accordance with Financial Reporting Standard 102 (FRS 102) applicable in the United Kingdom and the Republic of Ireland, the Charities’ Statement of Recommended Practice (FRS 102) and the Companies Act 2006.

The financial statements are prepared on a going-concern basis. Having considered three-year financial projections alongside the existing and projected level of reserves, the trustees consider that NCVO has adequate resources to continue to operate for the foreseeable future.

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102: no cashflow has been presented for the parent charity; disclosure in respect of the parent charity’s financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

a) Income

Legacies are recognised when the charity is advised by the personal representatives that payment will be made or property transferred and the amount involved can be quantified unless there are specific conditions preventing receipt, such as life tenancy. At the year end, NCVO was aware of one such legacy property which has not yet been reflected in the accounts. The property was valued at £350,000 at March 2017 by Barclays Bank Trust Company Limited.

Income from donations and grants is credited to the SOFA when there is evidence of entitlement, receipt is probable and its amount can be measured reliably, unless it relates to a specific future period, in which case it is deferred.

Where entitlement to grants receivable is dependent upon fulfilment of conditions within the charity’s control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions, the incoming resource is deferred.

Income from sales is included in the SOFA in the year in which the goods or service is supplied.

Membership income is recognised in the year to which it relates.

b) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under headings that reflect the charity’s activities and aggregates all costs related to that activity. Costs are allocated across activities and projects based on judgements about the objectives and related outcomes of the activities and projects. Expenditure on which there is irrecoverable VAT is shown within each relevant cost category gross of VAT.

i) Raising funds

Costs of raising funds includes expenditure in relation to staff members who are directly engaged in fundraising, business development, the conference suite and the related costs.

ii) Charitable expenditure

Charitable expenditure includes all expenditure directly related to the objects of the charity.

Governance costs:

These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity’s activities. Governance costs are allocated to the categories of charitable expenditure on the basis of staff numbers.

Support costs:

Costs relating to support services are identified and a proportion allocated to the charitable activities and projects that NCVO undertakes. Support costs are allocated on the basis of staff numbers.

Other costs are allocated on the basis of staff time, staff numbers or area, as relevant.

Grant making:

Costs of grant making are included within charitable expenditure in the year they are payable. Costs include grants made and support costs associated with the activity. Multi-year grant commitments are conditional on progress reviews to determine whether future funding is provided and discretion is retained by the charity to terminate the grant. Where multi-year grant commitments exist, only expenditure relating to the current year’s liability will be recognised.

iii) Other costs

Other costs directly relate to a specific activity or are support costs allocated on the basis of staff time, staff numbers or area, as relevant.

c) Fund accounting

The charity maintains the following funds:

i) Restricted funds

Restricted funds represent grants, donations and legacies received, which the donor has provided for specified purposes.

ii) General unrestricted funds

These represent funds that are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

iii) Designated funds

These represent unrestricted funds allocated by the trustees for particular purposes.

d) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, which is provided in equal instalments over the estimated useful lives of the assets.

No depreciation is charged on freehold land. The rates of depreciation applied to other assets are:

Freehold building	50 years
CRM system	5 years
Other computer equipment	3 years
Fixtures and fittings	10 years
Plant and equipment	20 years

e) Investments

Quoted investments are valued at bid price funds and stated at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

f) Operating leases expenditure

Gross rentals paid are recognised as lease rental expenses. Rentals are charged to the SOFA, over the term of the lease.

g) Goodwill

Goodwill is capitalised and amortised over five years.

h) Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for marketing, selling and distribution costs. Provision is made where necessary for obsolete, slow-moving and defective stocks.

i) Debtors

Debtors are recognised at the settlement amount due. Accrued income reflects amounts due but not received at the balance sheet date from funders and partners. Prepayments reflect costs paid at the balance sheet date that relate to future periods and are valued at the amount paid net of any discounts due.

j) Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a maturity date of three months from the date of acquisition or opening of the deposit or similar account or which mature within three months of the balance sheet date.

k) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

1 Accounting policies (continued)

D) Employee benefits

i) Short-term benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service was received.

ii) Post-retirement benefits

The charity operates two pension schemes.

Defined contribution scheme:

Staff are currently opted into a defined contribution scheme administered by Aviva. The assets in this scheme are held separately from the charity in an independent fund administered by Aviva. The pension cost charge represents the contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Defined benefit scheme:

NCVO's defined benefit scheme was closed to future accrual on 31 March 2011. The liability recognised on the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of the plan assets at the reporting date and has been calculated by an independent, qualified actuary in accordance with FRS 102.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the SOFA each year.

The annual costs of the defined benefit plan are included in employee costs and allocated across the expenditure headings on the SOFA. These comprise the annual expenses of the scheme and the finance costs.

m) Consolidation

Consolidated financial statements have been prepared in respect of NCVO and its wholly owned subsidiary NCVO Trading Limited. The results of the subsidiary have been consolidated on a line-by-line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. In accordance with section 408 of the Companies Act 2006, a separate SOFA for the charity has not been presented.

NCVO Trading Limited holds 40% of the shares in CaSE LLP (Charity and Social Enterprise Insurance Management LLP) and 33% of the shares in Trustees Unlimited LLP. CaSE LLP is a collaborative venture delivering tailor-made insurance packages to the voluntary and community sector. Trustees Unlimited LLP provides a search-and-selection service in respect of trustees and directors including the provision of advice, training and consultancy on governance and other relevant issues. CaSE LLP and Trustees Unlimited LLP, which both have an accounting reference date of 31 March, have been accounted for as associates and included on the SOFA and balance sheet using the equity method.

2 Donations and legacies

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total funds 2017 £'000
Donations through Charities Aid Foundation	1,768	-	1,768	1,700	-	1,700
Other donations and voluntary income	2	19	21	21	39	60
	1,770	19	1,789	1,721	39	1,760

3 Charitable activities

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2018 £'000	Unrestricted grants and sponsorships 2018 £'000	Restricted grants and sponsorships 2018 £'000	Total 2018 £'000
Membership subscriptions	1,078	-	-	1,078
Advisory services and information	1,005	-	268	1,273
Campaigns and communications	-	17	26	43
Education and training	900	36	-	936
Policy	6	-	-	6
Research	141	7	87	235
	3,130	60	381	3,571

	Membership subscriptions, conference delegate fees and charitable purpose contracts 2017 £'000	Unrestricted grants and sponsorships 2017 £'000	Restricted grants and sponsorships 2017 £'000	Total 2017 £'000
Membership subscriptions	1,000	-	-	1,000
Advisory services and information	832	-	342	1,174
Campaigns and communications	7	18	41	66
Education and training	792	45	-	837
Policy	2	-	-	2
Research	157	6	172	335
	2,790	69	555	3,414

Notes to the financial statements (continued)

For the year ended 31 March 2018

3 Charitable activities (continued) – grants and project income

	Total Funds 2018 £'000	Total Funds 2017 £'000
Unrestricted		
Phoenix – website	15	15
Other unrestricted income under £15,000	45	54
Total unrestricted	60	69
Restricted		
Department of Health – Health and Wellbeing Alliance core grant	50	-
Health and Wellbeing Alliance – STP work	59	-
New Philanthropy Capital – NCVO Charities Evaluation Services	28	42
Big Lottery Fund – PQASSO Wales	81	191
Arts Council – Cultural Commissioning (over accrual in prior year)	-	(6)
Department of Health – Volunteering in Care Homes (repaid at end of project)	-	(2)
The Legal Education Foundation – Legal Information Audit	-	6
City Bridge Trust – Effectiveness of mentoring and befriending projects	10	41
Economic and Social Research Council – Data partnership	-	21
Economic and Social Research Council – Data entry	51	48
Barrow Cadbury Trust – Governance Code	1	6
The Clothworkers' Foundation – Governance Code	-	6
Garfield Weston Foundation – Funding Central	15	20
Esmée Fairbairn Foundation – Funding Central	15	20
Fidelity Foundation – Funding Central	15	20
Lloyds Bank Foundation – Funding Central	-	5
Joseph Rowntree Charitable Trust – Constructive Voices	40	-
Big Lottery Fund – Care Homes	-	24
Clinks – State of the Sector	-	16
Indigo Trust – Research	15	-

Restricted (continued)	Total Funds 2018 £'000	Total Funds 2017 £'000
Kleinwort Benson Foundation – Funding Central	-	5
Esmée Fairbairn Foundation – Anti-advocacy work	-	20
Lloyds Bank Foundation – Anti-advocacy work	-	7
Barrow Cadbury Trust – Anti-advocacy work (not paid)	(7)	7
Lankelly Chase – Anti-advocacy work (not paid)	(7)	7
Other grants under £15,000 (not requiring separate disclosure)	15	51
Total restricted	381	555
Total grants and project income	441	624

4 Other trading activities (all unrestricted)

	2018 £'000	2017 £'000
Conference suite hire	1,739	1,563
Fees for services	570	657
Quality standards	301	311
Brokered services	337	351
Publications	35	76
	2,982	2,958

5 Investments (all unrestricted)

	Unrestricted Funds 2018 £'000	Restricted Funds 2017 £'000
Dividends and interest	66	78

Notes to the financial statements (continued)

For the year ended 31 March 2018

6 Expenditure

	Staff costs 2018 £'000	Premises costs 2018 £'000	Grant-making 2018 £'000	Support costs 2018 £'000	Other expenses 2018 £'000	Governance costs 2018 £'000	Total 2018 £'000
Raising funds	909	48	-	91	247	16	1,311
Charitable expenditure:							
Advisory services and information	1,907	134	3	256	1,047	46	3,393
Campaigns and communications	1,027	78	-	148	225	27	1,505
Education	397	32	-	60	451	11	951
Policy	270	18	-	34	3	6	331
Research	411	25	-	49	147	9	641
Other	22	1	50	-	71	-	144
	4,943	336	53	638	2,191	115	8,276

	Staff costs 2017 £'000	Premises costs 2017 £'000	Grant-making 2017 £'000	Support costs 2017 £'000	Other expenses 2017 £'000	Governance costs 2017 £'000	Total 2017 £'000
Raising funds	903	47	-	86	259	14	1,309
Charitable expenditure:							
Advisory services and information	1,883	135	47	241	1,088	40	3,434
Campaigns and communications	895	62	-	114	193	19	1,283
Education	510	39	-	65	421	11	1,046
Policy	267	18	-	33	8	5	331
Research	591	38	-	70	117	11	827
Other	36	-	50	-	72	-	158
	5,085	339	97	609	2,158	100	8,388

Other expenses include commissioning £1.6m (£1.3m 2017), consumables £0.2m (£0.2m 2017) and events £0.2m (£0.2m 2017). Commissioning includes fees for website development, including for Funding Central and PQASSO, and for associates and assessors..

Support costs are made up of the following expenditure:

	2018 £'000	2017 £'000
Rent and other accommodation costs	272	250
Travel costs	19	24
Telephone, printing, postage and stationery	26	35
Equipment and IT costs	155	137
Professional fees and consultancy	152	145
Other overheads	14	18
Total	638	609

Grants and partnership payments were made to the following organisations during the year:

	Total funds 2018 £'000	Total funds 2017 £'000
Cultural Commissioning		
Nef Consulting	-	42
New Philanthropy Capital	-	5
Manchester City Council	3	-
	3	47
CASS Fellowship	50	50
Total grants and partnership fees paid	53	97

Dr Justin Davis Smith, who was previously a member of NCVO's senior management team and left the organisation on 31 March 2016, was subsequently employed by CASS Business School to undertake research, lecturing and academic studies on volunteering. The grant of £50k contributes to this work programme.

Notes to the financial statements (continued)

For the year ended 31 March 2018

7 Employees

	2018 £'000	2017 £'000
Wages and salaries	3,733	3,859
Social security	348	385
Pension costs	424	450
Redundancy costs	49	41
Temporary staff and staff training	434	394
	4,988	5,129

The average number of employees (FTEs) during the year was:

	2018 number	2017 number
Generating funds	13	13
Advisory services and information	37	38
Campaigns and communications	21	18
Education and training	9	10
Policy	5	5
Research	7	11
	92	95

The number of employees whose benefits were over £60,000 during the year (excluding employer pension contributions but including redundancy and payments in lieu of notice) was:

	2018 number	2017 number
£70,000–£80,000	1	-
£80,000–£90,000	3	3
£130,000–£140,000	1	1

Four of the above staff are members of the defined contribution pension scheme (3 2017). None are currently paying contributions into the defined benefit scheme. The pension costs for these employees are £26,632 (£22,029 2017).

In April 2014, NCVO published guidance for trustees on setting pay for senior staff in charities with which we comply. In addition to the regulatory requirement to publish the number of employees in pay bands over £60,000 and to publish the total employee benefits received by key management personnel, we also publish the names, roles and

remuneration of our senior management team, along with an explanation of how we set salaries for the senior management team and other NCVO staff. These details for 2017/18 are included in the trustees’ report. The amounts paid to the senior management team during 2017/18 were:

		Salary £	Employer’s NIC £	Pension contributions £	Total 2017/18 £	Total 2016/17 £
Sir Stuart Etherington	Chief Executive	138,627	18,023	-	156,650	153,701
Susan Cordingley	Director of Planning and Resources	88,117	10,578	7,489	106,184	104,087
Dr Karl Wilding	Director of Public Policy	88,117	10,183	7,489	105,789	103,666
Richard Williams	Director of Enterprise	88,117	11,075	7,489	106,681	104,573

Notes to the financial statements (continued)

For the year ended 31 March 2018

8 Net income/(expenditure) for the year

This is stated after charging:	2018 £'000	2017 £'000
Auditor's remuneration		
– audit fees	27	26
Depreciation	334	331
Bank charges	23	15
Bank interest – on building loan	41	44
Trustees' expenses	2	4

No members of the trustee board received any remuneration during the year. Expenses do not form part of remuneration and are separately disclosed below. NCVO has corporate membership of The House of St Barnabas, a social enterprise organisation which is a member of NCVO. A number of senior staff and trustees are included in this corporate membership, which means they can use the meeting rooms and other facilities at The House of St Barnabas. Trustees believe that there are adequate systems in place to manage expenses and that all expenses were incurred in proper pursuit of NCVO's charitable objectives.

In response to the report of the Independent Group on Expenses set up by NCVO and Charity Finance Group to gather information and evidence on the disclosure of expenses by registered charities in England and Wales, published in February 2010, NCVO has decided to adopt enhanced voluntary disclosure of trustees' and senior management team expenses. Senior management team expenses, together with total trustee and NCVO Members' Assembly member expenses, are summarised in the following table. These were incurred in accordance with budget and reflect the significant activity during the year.

	Subsistence 2018 £	UK Travel 2018 £	Entertaining /networking 2018 £	Overseas travel 2018 £	Other 2018 £	Total claimed 2018 £	Total claimed 2017 £
Chief Executive's Office	330	5,810	6,312	-	351	12,803	16,124
Director of Public Policy and Volunteering	133	1,993	675	-	66	2,867	4,295
Executive Director of Volunteering and Development	-	-	-	-	-	-	49
Director of Planning and Resources	-	498	-	-	-	498	87
Director of Enterprise	133	769	1,248	712	23	2,885	3,521
	596	9,070	8,235	712	440	19,053	24,076
Trustees	452	1,858	-	-	-	2,310	3,684
Members' assembly	-	863	-	-	-	863	877

Travel and subsistence expenses reimbursed to eight trustees in the period amounted to £2,310 (£3,684 2017), including amounts paid directly by NCVO. Travel and subsistence expenses incurred by NCVO Members' Assembly members amounted to £863 (£877 2017).

Notes to the financial statements (continued)

For the year ended 31 March 2018

9 Tangible fixed assets (group and charity)

	Freehold land and buildings £'000	Plant and equipment £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 April 2017	4,919	921	1,363	1,947	9,150
Additions	-	44	41	-	85
Disposals	-	-	-	-	-
At 31 March 2018	4,919	965	1,404	1,947	9,235
Depreciation					
At 1 April 2017	1,719	191	1,178	1,422	4,510
Charge for the year	100	46	90	98	334
Disposals	-	-	-	-	-
At 31 March 2018	1,819	237	1,268	1,520	4,844
Net book value					
At 31 March 2017	3,200	730	185	525	4,640
At 31 March 2018	3,100	728	136	427	4,391

Freehold land and property is presented under the historical cost convention and is shown at original cost with an annual depreciation charge. In June 2013 the building was valued at £14.25m on a 15-year sale-and-leaseback basis.

10 Investments (group and charity)

	Listed £'000	Cash £'000	Total £'000
Market value			
At 1 April 2017	2,206	91	2,297
Purchase of investments	489	(489)	-
Sale of investments	(496)	496	-
Realised gains	81	-	81
Unrealised investment loss	(23)	-	(23)
Dividend income received	-	63	63
Dividend income transferred to Barclays	-	(68)	(68)
Investment management fees	-	(16)	(16)
Exchange loss	(1)	(2)	(3)
At 31 March 2018	2,256	75	2,331

NCVO Trading Limited is a wholly owned subsidiary of NCVO and holds 40% of the shares in CaSE LLP and 33% of the shares in Trustees Unlimited LLP. CaSE is a collaborative venture delivering tailor-made insurance packages to the voluntary and community sector. Trustees Unlimited LLP provides a search-and-selection service in respect of trustees and

directors including the provision of advice, training and consultancy on governance and other relevant issues. The accounting reference date of both joint ventures is 31 March and they have been accounted for as associates and included on the SOFA and balance sheet using the equity method.

11 Stocks (group and charity)

	2018 £'000	2017 £'000
Publications	17	14

12 Debtors

	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Debtors	1,023	861	756	618
Accrued income	259	341	231	300
Amount due from subsidiary	-	-	1,339	967
Prepayments	214	211	212	209
	1,496	1,413	2,538	2,094

13 Creditors: amounts falling due within one year

	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Bank loan (secured – see note 14)	93	93	93	93
Taxation and social security	225	240	158	168
Other creditors	253	341	239	331
Accrued expenditure	347	478	337	453
Deferred income	1,531	1,274	1,436	1,178
	2,449	2,426	2,263	2,223

Notes to the financial statements (continued)

For the year ended 31 March 2018

13 Creditors: amounts falling due within one year (continued)

Deferred income consists of	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Deferred income	788	606	693	751
Membership subscriptions	743	668	743	427
	1,531	1,274	1,436	1,178

14 Creditors: amounts falling due after more than one year

	Consolidated 2018 £'000	Consolidated 2017 £'000	NCVO 2018 £'000	NCVO 2017 £'000
Membership deferred over one year	62	40	62	40
Bank loan (secured)	1,779	1,873	1,779	1,873
	1,841	1,913	1,841	1,913
Analysis of loan repayments				
Within one year	93	93	93	93
Between one and two years	93	93	93	93
Between two and five years	1,686	1,780	1,686	1,780
Balance at 31 March	1,872	1,966	1,872	1,966

NCVO owns the freehold of the building it occupies at Society Building, All Saints Street, London N1 9RL. A loan was taken out with Barclays Bank to fund a building construction project on the same property, which was completed during 2012/13. The loan is

secured by legal mortgage over the property. The loan is fully drawn, for a total of £2.3m at a rate of LIBOR +1.75% for a 20-year period with a five-year renewable term in July 2021.

15 Operating lease

NCVO has had an operating lease with Grenke since April 2017 for multi-functional devices, which provide photocopying, printing and document scanning facilities. Total minimum lease commitments as at 31 March were:

	2018 £'000	2017 £'000
Within one year	12	3
Two to five years	17	-
	29	3

16 Analysis of net group assets

	Unrestricted general 2018 £'000	Unrestricted designated 2018 £'000	Restricted 2018 £'000	Total funds excluding pension fund 2018 £'000	Pension fund 2018 £'000	Total 2018 £'000
Tangible fixed assets	-	4,391	-	4,391	-	4,391
Investments	2,511	-	-	2,511	-	2,511
Net current assets (excluding loan)	1,241	289	147	1,677	-	1,677
Deferred membership due after more than one year	(62)	-	-	(62)	-	(62)
Pension fund	-	-	-	-	(3,385)	(3,385)
Loan	-	(1,872)	-	(1,872)	-	(1,872)
Total	3,690	2,808	147	6,645	(3,385)	3,260

NCVO's readily realisable reserves of £3.7m (£3.4m 2017) are made up of investments and net current assets, adjusted for loans.

	Unrestricted general 2017 £'000	Unrestricted designated 2017 £'000	Restricted 2017 £'000	Total funds excluding pension fund 2017 £'000	Pension fund 2017 £'000	Total 2017 £'000
Tangible fixed assets	-	4,640	-	4,640	-	4,640
Investments	2,352	-	-	2,352	-	2,352
Net current assets (excluding loan)	1,137	346	142	1,625	-	1,625
Deferred membership	(40)	-	-	(40)	-	(40)
Pension fund	-	-	-	-	(4,493)	(4,493)
Loan	-	(1,966)	-	(1,966)	-	(1,966)
Total	3,449	3,020	142	6,611	(4,493)	2,118

Notes to the financial statements (continued)

For the year ended 31 March 2018

17 Movement in group funds

Unrestricted and designated funds

The funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	Balance 1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gain/loss £'000	Balance 31 March 2018 £'000
Fixed assets	2,674	-	-	(155)	-	2,519
Property maintenance	28	-	-	-	-	28
Centenary fund	318	-	(57)	-	-	261
Designated funds	3,020	-	(57)	(155)	-	2,808
General funds	3,449	8,177	(7,599)	(392)	55	3,690
Pension reserves	(4,493)	-	(210)	532	786	(3,385)
Total general funds	1,976	8,177	(7,866)	(15)	841	3,113

The total income figure of £8.2m includes the share of operating profit of the joint ventures referenced on the SOFA.

	Balance 1 April 2016 £'000	Income £'000	Expenditure £'000	Transfers £'000	Net gain/loss £'000	Balance 31 March 2017 £'000
Fixed assets	2,890	-	-	(216)	-	2,674
Property maintenance	28	-	-	-	-	28
Centenary fund	375	-	(57)	-	-	318
Designated funds	3,293	-	(57)	(216)	-	3,020
General funds	3,148	7,661	(7,312)	(303)	255	3,449
Pension reserves	(4,175)	-	(225)	519	(612)	(4,493)
Total general funds	2,266	7,661	(7,594)	-	(357)	1,976

The total income figure of £7.6m includes the share of the operating profit of joint ventures referenced on the SOFA.

NCVO has designated resources to three funds, of which the majority relates to:

• Fixed assets

This fund represents the level of NCVO's reserves invested in fixed assets and is the net tangible fixed assets less loans outstanding (as the loans are used to part finance their acquisitions).

• Centenary fund

The trustees established this fund to resource activity to celebrate NCVO's centenary in 2019. This programme of work will focus on NCVO's past, present and future. It is anticipated that the funds will be spent over the three-year period to 31 March 2020.

Restricted funds 2017/18	1 April 2017 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 March 2018 £'000
NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation	3	-	(3)	-	-
NCVO Charities Evaluation Services: New Philanthropy Capital	15	28	(31)	-	12
NCVO Charities Evaluation Services: Trust for London	10	-	(10)	-	-
Cultural Commissioning: Arts Council	45	-	(45)	-	-
Governance Code	9	1	(8)	-	2
CSIS Charity Fund: Working for a Charity bursaries	2	-	-	-	2
Leadership (legacy)	5	-	(1)	-	4
Volunteer Guidance: NHS	4	(5)	-	1	-
Health and Wellbeing Alliance core grant: Department of Health	-	50	(50)	-	-
Increasing voluntary sector involvement in health transformation: Department of Health	-	59	(40)	-	19
Data partnership including data entry: Economic Research Council	1	51	(52)	-	-
360Giving – Data project: Indigo Trust	-	15	-	-	15
Plowden Fellowship	25	1	(6)	-	20
Funding Central	13	45	(58)	-	-
PQASSO Wales: Big Lottery Fund	-	81	(53)	-	28
Constructive Voices: Joseph Rowntree Charitable Trust	-	40	(3)	-	37
Various: Public Trust	8	-	-	-	8
Anti-advocacy clause: Lankelly Chase	-	(7)	-	7	-
Anti-advocacy clause: Barrow Cadbury	-	(7)	-	7	-
Other restricted grants and donations under £20,000 (not requiring separate disclosure)	2	48	(50)	-	-
Total	142	400	(410)	15	147

Notes to the financial statements (continued)

For the year ended 31 March 2018

17 Movement in group funds (continued)

Those areas with restricted funds to be carried forward into 2018/19 are briefly described below.

- **NCVO Charities Evaluation Services: New Philanthropy Capital**
To support charities through their Inspiring Impact programme.
 - **Governance: Code**
For the provision of ongoing stewardship of the Code.
 - **CSIS Charity Fund: Working for a Charity bursaries**
To provide bursaries for people who have worked in the public sector who wish to attend Working for a Charity courses in order to transfer their skills to the voluntary sector.
 - **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).
 - **Increasing voluntary sector involvement in health transformation**
Project to increase voluntary sector involvement in sustainability and transformation partnerships and/or accountable care systems, by providing knowledge development and peer support to eight cross-sector teams.
- **360Giving data research work**
A research project for Indigo Trust, linking 360Giving dataset to NCVO's Almanac dataset.
 - **Volunteer Guidance: NHS**
The project will identify and disseminate the emerging best practice in volunteering in this sector.
 - **Plowden Fellowship**
Fellowship to take up themes of good governance.
 - **Constructive Voices**
A project highlighting the positive impact of the voluntary sector and promoting constructive journalism.
 - **Public Trust**
Work to preserve public trust and confidence in the sector.

Restricted funds 2016/17	1 April 2016 £'000	Income £'000	Expenditure £'000	31 March 2017 £'000
NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation	28	-	(25)	3
NCVO Charities Evaluation Services: New Philanthropy Capital	7	42	(34)	15
NCVO Charities Evaluation Services: Trust for London	10	-	-	10
PQASSO Wales: Big Lottery Fund	34	191	(225)	-
Cultural Commissioning: Arts Council	188	(6)	(137)	45
Volunteering in Care Homes: Department of Health	6	(2)	(4)	-
Volunteering in Care Homes: Big Lottery Fund	-	24	(24)	-
Governance: Code	5	12	(8)	9
CSIS Charity Fund: Working for a Charity bursaries	2	-	-	2
Leadership (legacy)	6	-	(1)	5
Compact Voice	3	-	(3)	-
Enhancing volunteering in NHS Trusts through LiV: NHS England	10	-	(10)	-
Volunteer Guidance: NHS	-	5	(1)	4
Effectiveness of mentoring and befriending projects: City Bridge Trust	10	41	(51)	-
Data partnership including data entry: Economic Research Council	-	69	(68)	1
Various: Plowden Fellowship	28	6	(9)	25
Legal information audit: The Legal Education Foundation	-	6	(6)	-
Funding Central	-	70	(57)	13
Anti-advocacy clause: various	-	41	(41)	-
Various: Public Trust	5	30	(27)	8
Other restricted grants and donations under £20,000 (not requiring separate disclosure)	-	65	(63)	2
Total	342	594	(794)	142

Notes to the financial statements (continued)

For the year ended 31 March 2018

17 Movement in group funds (continued)

Those areas with restricted funds to be carried forward into 2017/18 are briefly described below.

- **NCVO Charities Evaluation Services: Calouste Gulbenkian Foundation**
Funding for the evaluation of the Campaign to End Loneliness’ work.

• **NCVO Charities Evaluation Services: New Philanthropy Capital**
To support charities through their Inspiring Impact programme.

• **NCVO Charities Evaluation Services: Trust for London**
Funding for delivery of outcome and impact measurement training.

• **Cultural Commissioning: Arts Council**
Three-year programme funded by Arts Council England to help the arts and culture sector better engage in public sector commissioning and support public service commissioners to develop awareness of the potential for arts and culture to deliver their outcomes.

• **Governance: Code**
For the provision of ongoing stewardship of the Code.

• **CSiS Charity Fund: Working for a Charity bursaries**
To provide bursaries for people who have worked in the public sector who wish to attend Working for a Charity courses in order to transfer their skills to the voluntary sector.
- **Leadership (legacy)**
Legacy for leadership (Winifred Tumim) and for music for people with learning difficulties (Diana Kurzman).

• **Volunteer Guidance: NHS**
The project will identify and disseminate the emerging best practice in volunteering in this sector.

• **Data partnership including data entry: Economic Research Council**
Work to support the Almanac

• **Plowden Fellowship**
Fellowship to take up themes of good governance.

• **Funding Central**
Support for the Funding Central website, to enable organisations to continue to access fundraising opportunities despite the loss of government funding. Some specific pieces of development work were deferred to 2017/18.

• **Public Trust**
Work to preserve public trust and confidence in the sector.

Other funds

NCVO also manages other charitable funds on behalf of other trusts through its investment managers, UBS. The total value of the investments, which are held in a separate portfolio, stands at £1.1m (£1.1m 2017). In addition, £209k (£196k 2017) is held in a separate bank account. These funds are excluded from NCVO’s accounts.

18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £’000	2017 £’000
Net income for the year	187	77
Adjustments for:		
Depreciation	334	331
(Gain) on investments	(55)	(255)
Dividends and interest from investments	(66)	(78)
Interest on bank loan	41	44
Non cash difference between defined benefit pension contributions paid and amount charged to SOFA	(322)	(294)
(Increase) in stocks	(3)	(4)
(Increase)/ decrease in debtors	(83)	1,036
Increase/(decrease) in creditors	44	(59)
Net cash provided by operating activities	77	798

19 Post-employment benefits

The charity operates two pension schemes, a defined contribution pension scheme for employees and a defined benefits pension scheme (the assets of which are held separately from the charity), which was closed on 31 March 2011.

19a Pension costs charge in the year

The amount of pensions costs charged within employee costs on the SOFA is as follows:

	Note	2018 £’000	2017 £’000
Defined contribution scheme costs		203	225
Defined benefit scheme expenses		99	87
Defined benefit scheme interest cost		111	138
Total cost	7	413	450

Notes to the financial statements (continued)

For the year ended 31 March 2018

19b Defined benefit scheme

The charity operates a defined benefit scheme in the UK which is closed to new entrants and future accrual. This is a separate trustee-administered fund holding the pension scheme assets to meet long-term pension liabilities. A full actuarial valuation was carried out at 30 September 2016 and updated to 31 March 2018 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The latest actuarial tri-annual valuation at 30 September 2016 showed a deficit of £6.8m. NCVO has agreed with the pension fund trustee that it will aim to eliminate the deficit over a period of 11 years from 1 April 2018, by the payment of annual contributions (payable monthly) of £470,000 p.a. from 1 April 2018 until 31 March 2029, increasing at 3% per annum on 1 April 2019 and on each 1 April thereafter. In addition, the employer will pay £87,121 per annum in respect of the expenses of running the scheme including the Pension Protection Fund Levy.

Assumptions

	2018 %	2017 %
Rate of increase in salaries	4.20	4.30
Rate of increase in pensions in payment	2.25	2.35
Discount rate	2.55	2.60
Inflation assumption (CPI)	2.20	2.30

The mortality assumptions adopted at 31 March 2018 imply the following life expectations:

	2018 Years
Male retiring in 2018	22.5
Female retiring in 2018	24.2
Male retiring in 2038	23.9
Female retiring in 2038	25.4

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2018 £'000	2017 £'000
Fair value of plan assets	25,014	24,293
Present value of defined benefit obligation	(28,399)	(28,786)
Deficit in scheme and liability recognised	(3,385)	(4,493)

Reconciliation of opening and closing balances of the defined benefit obligation

	2018 £'000	2017 £'000
Defined benefit obligation at start of period	28,786	24,055
Expenses	99	87
Interest expenses	736	831
Actuarial (gain)/loss	(199)	4,510
Benefits paid and expenses	(1,023)	(697)
	28,399	28,786

Reconciliation of opening and closing balances of the fair value of scheme assets

	2018 £'000	2017 £'000
Fair value of scheme assets at start of period	24,293	19,880
Interest income	625	693
Actuarial gain	587	3,898
Contributions by the employer	532	519
Benefits paid and expenses	(1,023)	(697)
	25,014	24,293

Actuarial gain/(loss) recognised in the SOFA

	2018 £'000	2017 £'000
Gain on scheme assets (excluding amounts included in net interest cost)	587	3,898
Experience (loss)/gain arising on the scheme liabilities	(106)	382
Gain/(loss) as a result of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	305	(4,892)
Total actuarial gain/(loss) recognised in SOFA	786	(612)

Scheme assets

	2018 £'000	2017 £'000
Equity type assets	13,258	13,501
Bonds	10,328	9,222
Property	1,616	1,498
Other	(188)	72
Total assets	25,014	24,293

Notes to the financial statements (continued)

For the year ended 31 March 2018

20 Taxation

NCVO is a registered charity and as such is not liable to tax on its income and gains that meet the tax exemptions. The charity’s trading subsidiary, NCVO Trading Limited, is liable to tax on any profits not paid to the charity under covenant.

21 Related parties

The charity owns 100% of the issued share capital in NCVO Trading Limited. The results of the trading company are shown in note 22 to the accounts.

As stated in the CAF Trust Deed, the chair of NCVO occupies one trustee position on the board of the Charities Aid Foundation. This position is currently filled by Peter Kellner.

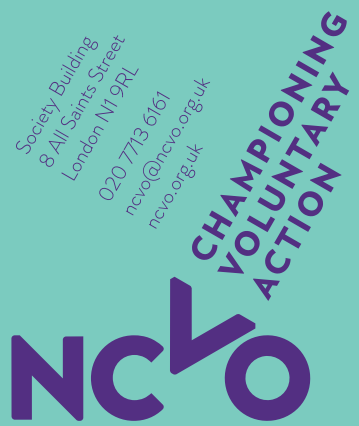
CaSE LLP is a related party of NCVO through NCVO Trading Limited’s holding of 40% of its equity. CaSE LLP has been accounted for as an associate and included on the SOFA and balance sheet using the equity method. NCVO also holds an investment of 33% in Trustees Unlimited LLP, a related party joint venture between NCVO Trading Limited, Russam GMS and Bates Wells Braithwaite, who each hold a third of the shares. This investment was purchased in 2009/10 at a cost of £1,000, which was repaid by the LLP during 2010/11. Trustees Unlimited LLP has been accounted for as an associate and included on the SOFA and balance sheet using the equity method.

The wife of Sir Stuart Etherington, chief executive of NCVO, is an equity partner with Bates Wells Braithwaite London LLP, NCVO’s legal advisers. NCVO has a policy in place to avoid any potential conflicts of interest arising by ensuring that any decision to enter into a new business relationship with Bates Wells Braithwaite is approved by the chair or, in his absence, the deputy chair or honorary treasurer. All significant elements of work involving Bates Wells Braithwaite are overseen by the director of planning and resources and reported to the chair and honorary treasurer on a regular basis. Professional fees of £18k were paid to Bates Wells Braithwaite during the year for legal advice. NCVO jointly runs its annual trustee conference with Bates Wells Braithwaite and is a partner with them in CaSE LLP and Trustees Unlimited LLP.

22 Subsidiary and parent company results

The charity owns 100% of the issued share capital in NCVO Trading Limited. The company made a profit of £1.5m for the year ended 31 March 2018 (£1.4m 2017). The investment at cost is £1.

	2018 £'000	2017 £'000
Summary profit and loss account		
Turnover	2,300	2,114
Cost of sales	(764)	(693)
Gross profit	1,536	1,421
Expenditure	(50)	(46)
Net profit	1,486	1,375
Payable to NCVO under deed of covenant	(1,486)	(1,375)
Summary balance sheet		
Fixed assets – investments	145	145
Debtors	297	286
Cash at bank and in-hand	1,084	738
	1,526	1,169
Creditors: amounts falling due within one year	(1,526)	(1,169)
Creditors: amounts falling due after one year	-	-
Net assets	-	-



Registered charity number 225922
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